County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
http://cao.co.la.ca.us

DAVID E. JANSSEN
Chief Administrative Officer

May 18, 2004

To: Supervisor Don Knabe, Chair
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

PRELIMINARY REPORT – GLENDORA REDEVELOPMENT PROJECT NO. 5 – CITY OF GLENDORA (FIFTH DISTRICT)

Consistent with Board policy and direction, we are advising your Board that the City of Glendora has sent us the Preliminary Report for the proposed merger and amendment for the Glendora Redevelopment Project No. 5. The Preliminary Report includes the following information:

- Map of Project Area (Attachment I)
- Physical and Economic Conditions of Blight (Attachment II)
- List of Planned Projects (Attachment III)
- Impact on County General Fund (Attachment IV)

The merged and amended Redevelopment Plan will: merge existing Project Areas No. 1, No. 2, and No. 3 into one administrative unit, including the limits on total tax increment receipts for each area; add approximately 317 acres of new territory (Project No. 5); and establish the authority to purchase nonresidential real property through eminent domain in all four areas. The proposed project is intended to provide a financial and administrative mechanism to improve conditions in the existing and added areas.

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This office conducted a preliminary analysis of the project, which included a meeting with Agency staff and their redevelopment consultant, several site visits, and an initial review of the Agency's blight findings from the Preliminary Report. Based on this preliminary analysis, this office has concerns that the proposed project does not appear to meet blighting requirements consistent with Redevelopment Law. Thus, CAO staff will work closely with County Counsel to conduct a thorough review of the Preliminary Report and project area, and will work with Agency staff to try to resolve any concerns that emerge from our review. If it is determined that our concerns cannot be resolved, it may be necessary to submit written objection to the Agency's proposal at their Public Hearing to preserve the County's rights to consider any subsequent action. The Agency has scheduled the Public Hearing to adopt the proposed redevelopment project for June 29, 2004. I will continue to keep your Board updated on this matter.

If you have any questions, please call me, or your staff may call Robert Moran of my office at (213) 974-1130.

DEJ: MKZ
RTM:nl

Attachments

c: Raymond G. Fortner, Chief Deputy County Counsel
J. Tyler McCauley, Auditor-Controller

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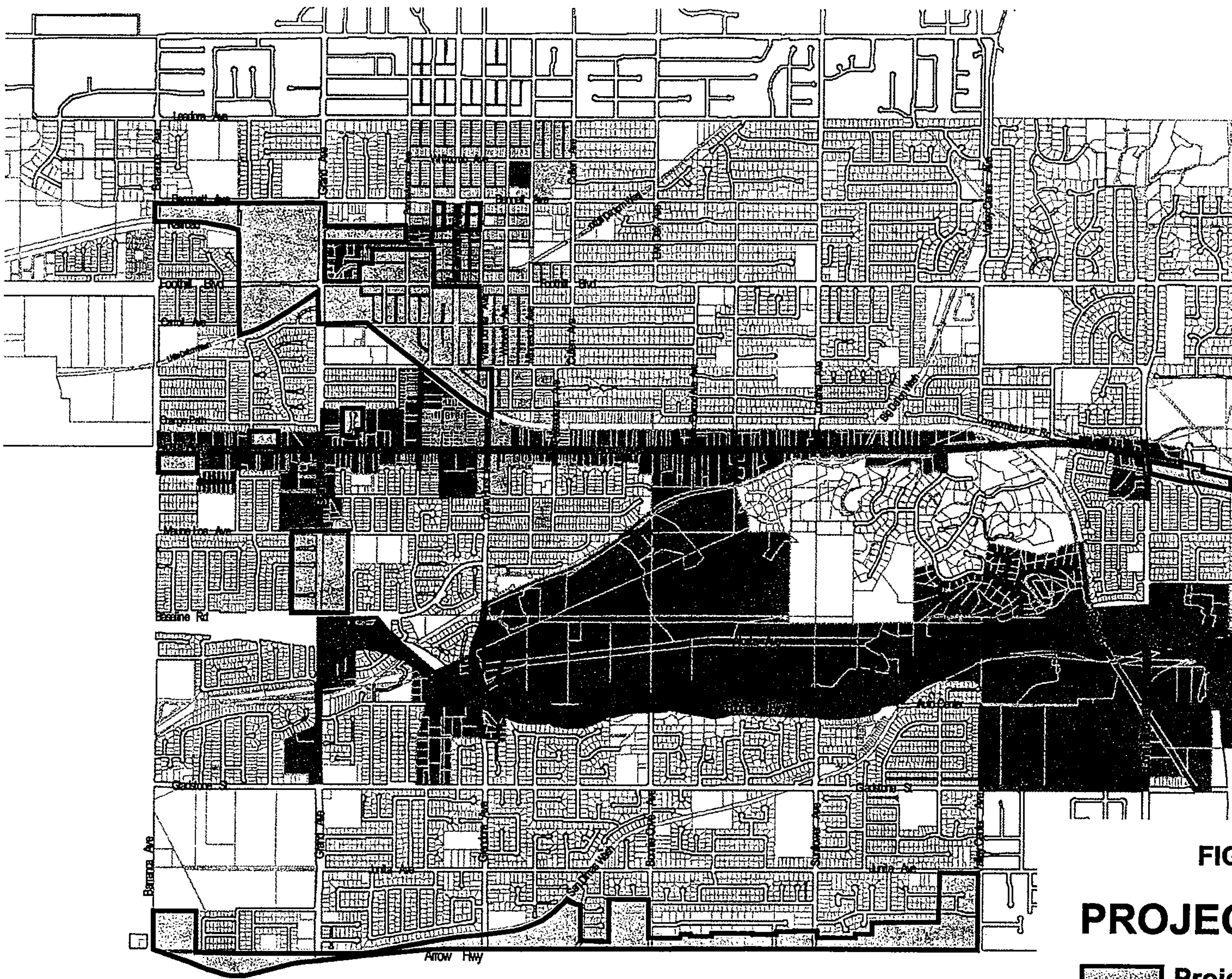

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PROJECT AREA DESCRIPTION
PHYSICAL AND ECONOMIC CONDITIONS OF BLIGHT
(From Agency's Preliminary Report)

Physical and Economic Blight Conditions:

The following is a brief summary of the physical and economic blight conditions that are described in the Agency's Preliminary Report for the Project Area:

- The Building Department estimates the wiring in about 60-70 percent of the structures in the area north of Ada Avenue and east of Grand Avenue do not conform to current electrical standards.

- Due to the age of structures, and the many auto-related businesses along Arrow Highway, the likelihood of hazardous material contamination in excess of State and Federal standards in the proposed project area is high.

- The field survey indicated 23 percent of all buildings in the project area are in some degree of disrepair. The types of deterioration observed included: roof damage; cracked stucco and other exterior wall damage; wood rot; and large areas of chipped or peeling paint.

- About 5 percent of commercial and industrial properties have inoperable vehicles, junk, or other materials openly stored in front of the property.

- About 9 percent of all commercial buildings in the project area suffer from significant obsolescence.

- The City's Planning Department estimates that 90 percent of the buildings along Arrow Highway could not be built today because of inadequate parcel sizes. This also demonstrates the obsolescence of the Project Area because no modern uses could be built today. The result is an area with several old, small strip malls and auto repair shops.

- Average per building square foot property sales values for single family residences rose only 29.5 percent in the Project Area from 1994-2003, compared with 58 percent over the same period elsewhere in the City.

- With a vacancy rate of 8 percent on the commercial parcels in the Project Area,

LIST OF ESTIMATED PROGRAM COSTS

Item or Program	Amount
Public Improvements	$11,000,000
Housing Programs*	$41,104,000
Business Attraction and Retention Program	$2,500,000
Commercial Rehabilitation Program	$5,000,000
Development Assistance Program	$2,500,000
Contingencies @ 10 percent Public Improvements Cost	$1,100,000
Total Development and Housing Expenditures	**$63,204,000**
Administration @ 10 percent Development and Housing	$6,320,000
Total Development and Administration	**$69,524,000**
Estimated Total Costs @ 3.5 percent Per Annum Inflation**	**$116,470,000**
Financing Costs	**$8,180,000**
TOTAL COSTS	**$124,650,000**

*Programs funded by mandatory housing set aside
**Assumes 3.5 percent inflation for 15 years to adjust upward the value of future years projects.

IMPACT ON COUNTY GENERAL FUND

Limits of Plan – Added Areas

- **Incurring Debt:** 20 Years
- **Redevelopment Activities:** 30 Years
- **Limitations on Collection of Tax Increment:** 45 Years

Estimated Project Revenues

- **Assumed Annual Real Property Growth Rate:** 4.5 percent
- **2002-2003 Base Year Assessed Valuations:** $223,077,000
- **Gross Estimated Increment (45-Year Collection):** $201,413,577
- **Housing Set-Aside (20 percent Minimum):** $40,282,715
- **County General Fund Revenue With Project:** $25,055,694
- **County General Fund Revenue Without Project:**
  $15,679,632 - $51,013,787
- **Net Difference to County General Fund:**
  $9,376,062 – ($25,958,093)
- **Net Present Value Difference to County General Fund:**
  $2,019,315 – ($8,532,120)

* Note: Estimated impact to County General Fund is based on comparing County General Fund revenue **with the proposed project**, based on the Agency estimate of growth, with County General Fund revenue **with no project**. The "no project" scenario includes a range of assumptions, from: a conservative 2 percent annual growth in the area to a more aggressive 4.5 percent annual growth plus construction envisioned by Agency as part of the proposed project. In other words, as the County is unable to estimate what will occur in the project area without a project, the "no project" scenario ranges from an assumption that minimal activity would occur in the area without the project (in which case the County would actually benefit from adoption of the project), to an assumption that project-related development and increased values would occur even without adoption of the project. County General Fund losses in this more aggressive scenario would be significant.